

Workforce Housing Reward Program
Enabling Legislation
Chapter 482, Statutes of 2002

SB 423: SECTION 1. Chapter 3.8 (commencing with Section 50550) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 3.8. WORKFORCE HOUSING REWARD PROGRAM

50550. There is hereby established the Workforce Housing Reward Program, to be administered by the department for the purpose of providing local assistance to cities, counties, and cities and counties that provide land use approval to housing developments affordable to very low and low-income households.

50550.1. (a) To the extent that funds are available, the department shall provide local assistance grants to a city, county, or city and county that issues a building permit for a housing development consisting of newly constructed units that are affordable to very low or low-income households if all of the following conditions are met:

(1) Final land use approval was granted to the development on or after January 1, 2004.
(2) (A) In the case of rental units, the development is subject to a regulatory agreement recorded against the property that obligates the owner to maintain rents on the restricted units at levels affordable to very low or low-income households for at least 55 years.

(B) In the case of ownership housing, units shall be initially sold to households of low or very low income at an affordable housing cost. If public funds are used to achieve an affordable housing cost, then upon the sale of an assisted unit to a low- or very low income household, the public entity shall ensure the repayment of the public funds and reuse of those funds for affordable housing for a period of at least 20 years. The proposed mechanism for restrictions of ownership units shall be consistent with criteria established by the department and specified in the Notice of Funding Availability.

(3) By the end of the 12-month period covered by the Notice of Funding Availability, the city, county, or city and county has an adopted housing element that the department has found pursuant to Section 65585 of the Government Code to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code and has submitted to the department the annual progress report required by Section 65400 of the Government Code within the preceding 12 months.

(b) For each year that funds are available, the department shall issue a Notice of Funding Availability to cover permits issued during a 12-month time period. The department shall accept applications at the close of the 12-month period. Grant amounts shall be determined as a per-bedroom incentive for each unit restricted for very low and low-income households. For the purposes of this section single-room occupancies and

studio apartments shall be considered as one-bedroom units. The grant for very low income units shall be greater than the grant for low-income units. If the eligibility for funds exceeds the amount of funding available for this program, the department shall reduce all grants proportionally.

(c) A city, county, or city and county that qualified for a grant from the Jobs-Housing Balance Incentive Grant Program pursuant to Section 50544 during the 2001 calendar year shall receive an additional amount of funds for each bedroom that qualifies under this section. The department shall determine the amount of the bonus grant to be awarded pursuant to this subdivision.

50550.2. (a) Grants provided pursuant to this chapter shall be used for the construction or acquisition of capital assets as set forth in Section 16727 of the Government Code that serve to benefit the community. Eligible projects include, but are not limited to, traffic improvements, neighborhood parks, bike paths, libraries, school facilities, play areas, community centers, and police and fire stations.

(b) The department may deny funding to any jurisdiction that it determines, based on reasonable evidence, failed to grant final land use approval for eligible developments on a timely basis between January 1, 2003, and January 1, 2004.

(c) The department shall adopt guidelines for the operation of the program. The guidelines shall not be subject to the requirements of Chapter 2.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

SEC. 2. (a) Twenty-five million dollars (\$25,000,000) of the funds transferred to the Jobs-Housing Balance Improvement Account pursuant to paragraph (8) of subdivision (a) of Section 53533 of the Health and Safety Code shall be used to provide prorated grants to cities, counties, and cities and counties that qualified for funds from the Jobs-Housing Balance Incentive Grant Program pursuant to Section 50544 of the Health and Safety Code during the 2001 calendar year. Notwithstanding subdivision (c) of Section 50544 of the Health and Safety Code, the prorated grant amounts shall be only determined as a per-unit incentive weighted for high, medium, and low employment demand areas. Notwithstanding subdivision (a) of Section 50544 of the Health and Safety Code, grant funds shall be used for the construction or acquisition of capital assets as set forth in Section 16727 of the Government Code that serve to benefit the community.

(b) Sixty-five million dollars (\$65,000,000) of the funds transferred to the Jobs-Housing Balance Improvement Account pursuant to paragraph (8) of subdivision (a) of Section 53533 of the Health and Safety Code shall be used to provide local assistance grants pursuant to Chapter 3.8 (commencing with Section 50550) of Part 2 of Division 31 of the Health and Safety Code.

(c) Ten million dollars (\$10,000,000) of the funds transferred to the Jobs-Housing Balance Improvement Account pursuant to paragraph (8) of subdivision (a) of Section

53533 of the Health and Safety Code shall be used to provide bonus grants pursuant to subdivision (c) of Section 50550.1 of the Health and Safety Code.

SEC. 3. This act shall become operative only upon approval by the voters of the Housing and Emergency Shelter Trust Fund Act of 2002, as enacted by Chapter 26 of the Statutes of 2002.

Partial excerpt of Government Code, Section 16727 (a) and (b) (specific to the use of bond funds)

Government Code 16727. Proceeds from the sale of any bonds issued pursuant to this chapter shall be used only for the following purposes:

(a) The costs of construction or acquisition of capital assets.

"Capital assets" mean tangible physical property with an expected useful life of 15 years or more. "Capital assets" also means tangible physical property with an expected useful life of 10 to 15 years, but these costs may not exceed 10 percent of the bond proceeds net of all issuance costs. "Capital assets" include major maintenance, reconstruction, demolition for purposes of reconstruction of facilities, and retrofitting work that is ordinarily done no more often than once every 5 to 15 years or expenditures that continue or enhance the useful life of the capital asset. "Capital assets" also include equipment with an expected useful life of two years or more. Costs allowable under this section include costs incidentally but directly related to construction or acquisition, including, but not limited to, planning, engineering, construction management, architectural, and other design work, environmental impact reports and assessments, required mitigation expenses, appraisals, legal expenses, site acquisitions, and necessary easements.

(b) To make grants or loans, if the proceeds of the grants or loans are used for the costs of construction or acquisition of capital assets.